

SENATE BILL NO. 2196

Introduced by

Senator Cook

1 A BILL for an Act to amend and reenact subsection 8 of section 54-01.1-02, sections 57-02-04
2 and 57-02-08, subsection 4 of section 57-02-08.1, and sections 57-12-09, 57-20-07, 57-23-09,
3 and 57-55-10 of the North Dakota Century Code, relating to exclusion of intangible personal
4 property from assessments of real property, notice of assessments to property owners,
5 exclusion of de minimus property tax from collection, and refunds on overpayment of property
6 taxes; and to provide an effective date.

7 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

8 **SECTION 1. AMENDMENT.** Subsection 8 of section 54-01.1-02 of the North Dakota
9 Century Code is amended and reenacted as follows:

10 8. "Nonprofit organization" means a corporation organized under chapter 10-33 or an
11 organization defined in subsection 7, 8, 9, or 10, ~~or 11~~ of section 57-02-08.

12 **SECTION 2. AMENDMENT.** Section 57-02-04 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **57-02-04. Real property defined.**

15 Real property, for the purpose of taxation, includes:

16 1. The land itself, whether laid out in town lots or otherwise, and improvements to the
17 land, such as ditching, surfacing, and leveling, except plowing and trees, and all rights
18 and privileges thereto belonging or in anywise appertaining, and all mines, minerals,
19 and quarries in and under the same and shall expressly include all such improvements
20 made by persons to lands held by them under the laws of the United States, all such
21 improvements to land the title to which still is vested in any railroad company and
22 which is not used exclusively for railroad purposes, and improvements to land
23 belonging to any other corporation or limited liability company whose property is not
24 subject to the same mode and rule of taxation as other property.

- 1 2. All structures and buildings, including manufactured homes as defined in section
2 41-09-02 with respect to which the requirements of subsections 1 through 3 of section
3 39-05-35, as applicable, have been satisfied, including systems for the heating,
4 air-conditioning, ventilating, sanitation, lighting, and plumbing of such structures and
5 buildings, and all rights and privileges thereto belonging or in anywise appertaining,
6 but shall not include items which pertain to the use of such structures and buildings,
7 such as machinery or equipment used for trade or manufacture which are not
8 constructed as an integral part of and are not essential for the support of such
9 structures or buildings, and which are removable without materially limiting or
10 restricting the use of such structures or buildings.
- 11 3. Machinery and equipment, but not including small tools and office equipment, used or
12 intended for use in any process of refining products from oil or gas extracted from the
13 earth, but not including such equipment or appurtenances located on leased oil and
14 gas production sites.
- 15 4. Real property subject to local assessment does not include intangible personal
16 property. For purposes of this subsection, "intangible personal property" includes
17 capital stock and bonds, deposits in financial institutions, goodwill, customer lists,
18 contracts or contract rights, patents, trademarks, copyrights, custom computer
19 programs, trade secrets, franchises, and licenses. Intangible personal property may
20 not be used to impute any additional value to real property.

21 **SECTION 3. AMENDMENT.** Section 57-02-08 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **57-02-08. Property exempt from taxation.**

24 All property described in this section to the extent herein limited shall be exempt from
25 taxation:

- 26 1. All property owned exclusively by the United States except any such property which
27 the state and its political subdivisions are authorized by the laws of the United States
28 to tax.
- 29 2. All property owned by this state, but no lands contracted to be sold by the state shall
30 be exempt.

- 1 3. All property belonging to any political subdivision and the leasehold interest in property
- 2 leased by a political subdivision from another political subdivision.
- 3 4. Property of Indians if the title of that property is inalienable without the consent of the
- 4 United States secretary of the interior.
- 5 5. All lands used exclusively for burying grounds or cemeteries.
- 6 6. All property belonging to schools, academies, colleges, or other institutions of learning,
- 7 not otherwise used with a view to profit, and all dormitories and boarding halls,
- 8 including the land upon which they are situated, owned and managed by any religious
- 9 corporation for educational or charitable purposes for the use of students in
- 10 attendance upon any educational institution, if such dormitories and boarding halls are
- 11 not managed or used for the purpose of making a profit over and above the cost of
- 12 maintenance and operation.
- 13 7. ~~Repealed by S.L. 2011, ch. 445, § 2.~~
- 14 8. All buildings belonging to institutions of public charity, including public hospitals and
- 15 nursing homes licensed pursuant to section 23-16-01 under the control of religious or
- 16 charitable institutions, used wholly or in part for public charity, together with the land
- 17 actually occupied by such institutions not leased or otherwise used with a view to
- 18 profit. The exemption provided by this subsection includes any dormitory, dwelling, or
- 19 residential-type structure, together with necessary land on which such structure is
- 20 located, owned by a religious or charitable organization recognized as tax exempt
- 21 under section 501(c)(3) of the United States Internal Revenue Code which is occupied
- 22 by members of said organization who are subject to a religious vow of poverty and
- 23 devote and donate substantially all of their time to the religious or charitable activities
- 24 of the owner.
- 25 ~~9-8.~~ a. All buildings owned by any religious corporation or organization and used for the
- 26 religious purposes of the organization, and if on the same parcel, dwellings with
- 27 usual outbuildings, intended and ordinarily used for the residence of the bishop,
- 28 priest, rector, or other minister in charge of services, land directly under and
- 29 within the perimeter of those buildings, improved off-street parking or reasonable
- 30 landscaping or sidewalk area adjoining the main church building, and up to a
- 31 maximum of five additional acres [2.02 hectares] must be deemed to be property

1 used exclusively for religious purposes, and exempt from taxation, whether the
2 real property consists of one tract or more. If the residence of the bishop, priest,
3 rector, or other minister in charge of services is located on property not adjacent
4 to the church, that residence with usual outbuildings and land on which it is
5 located, up to two acres [.81 hectare], is exempt from taxation.

6 b. The exemption for a building used for the religious purposes of the owner
7 continues to be in effect if the building in whole, or in part, is rented to another
8 otherwise tax-exempt corporation or organization, provided no profit is realized
9 from the rent.

10 ~~10.9.~~ Property of an agricultural fair association duly incorporated for the purpose of holding
11 agricultural fairs, and not conducted for the profit of any of its members or
12 stockholders; provided, that all property described in this subsection shall be subject to
13 taxation for the cost of fire protection services furnished by any municipal corporation
14 in which said property is located.

15 ~~11.10.~~ Property owned by lodges, chapters, commanderies, consistories, farmers' clubs,
16 commercial clubs, and like organizations, and associations, grand or subordinate, not
17 organized for profit, and used by them for places of meeting and for conducting their
18 business and ceremonies, and all property owned by any fraternity, sorority, or
19 organization of college students if such property is used exclusively for such purposes;
20 provided, further, that any portion of such premises not exclusively used for places of
21 meeting and conducting the business and ceremonies of such organization shall be
22 subject to taxation.

23 Provided, further, that if any such organization as contemplated by this
24 subsection is licensed for the sale of alcoholic beverages as defined by the statutes of
25 the state of North Dakota, such portion of such premises where such alcoholic
26 beverages are consumed or sold shall be deemed not to be so used exclusively for
27 conduct of its business and meeting if such beverages are sold at a profit.

28 Provided, further, that if food other than that served at lodge functions and
29 banquets and food sold or consumed in any fraternity or sorority house, is sold at a
30 profit on the premises, that portion of the premises where such food is sold at a profit
31 shall be deemed not to be used exclusively for places of meeting or conducting the

1 business and ceremonies of such organization; provided, that all property described in
2 this subsection shall be subject to taxation for the cost of fire protection services
3 furnished by any municipal corporation in which said property is located.

4 ~~12.~~ Repealed by S.L. 1983, ch. 595, § 3.

5 ~~13.11.~~ All land used as a public park or monument ground belonging to any military
6 organization, and not used for gain.

7 ~~14.12.~~ The armory, and land or lots upon which situated, owned by a regiment, battalion, or
8 company of the North Dakota national guard, and used for military purposes by such
9 organization.

10 ~~15.13.~~ a. All farm structures and improvements located on agricultural lands.

11 (1) This subsection must be construed to exempt farm buildings and
12 improvements only, and may not be construed to exempt from taxation
13 industrial plants, or structures of any kind not used or intended for use as a
14 part of a farm plant, or as a farm residence.

15 (2) "Farm buildings and improvements" includes a greenhouse or other building
16 used primarily for the growing of horticultural or nursery products from seed,
17 cuttings, or roots, if not used on more than an occasional basis for a
18 showroom for the retail sale of horticultural or nursery products. A
19 greenhouse or building used primarily for display and sale of grown
20 horticultural or nursery products is not a farm building or improvement.

21 (3) Any structure or improvement used primarily in connection with a retail or
22 wholesale business other than farming, any structure or improvement
23 located on platted land within the corporate limits of a city, or any structure
24 or improvement located on railroad operating property subject to
25 assessment under chapter 57-05 is not exempt under this subsection. For
26 purposes of this paragraph, "business other than farming" includes
27 processing to produce a value-added physical or chemical change in an
28 agricultural commodity beyond the ordinary handling of that commodity by a
29 farmer prior to sale.

30 (4) The following factors may not be considered in application of the exemption
31 under this subsection:

- 1 (a) Whether the farmer grows or purchases feed for animals raised on the
2 farm.
- 3 (b) Whether animals being raised on the farm are owned by the farmer.
- 4 (c) Whether the farm's replacement animals are produced on the farm.
- 5 (d) Whether the farmer is engaged in contract feeding of animals on the
6 farm.
- 7 b. It is the intent of the legislative assembly that this exemption as applied to a
8 residence must be strictly construed and interpreted to exempt only a residence
9 that is situated on a farm and which is occupied or used by a person who is a
10 farmer and that the exemption may not be applied to property which is occupied
11 or used by a person who is not a farmer. For purposes of this subdivision:
- 12 (1) "Farm" means a single tract or contiguous tracts of agricultural land
13 containing a minimum of ten acres [4.05 hectares] and for which the farmer,
14 actually farming the land or engaged in the raising of livestock or other
15 similar operations normally associated with farming and ranching, has
16 received annual net income from farming activities which is fifty percent or
17 more of annual net income, including net income of a spouse if married,
18 during any of the three preceding calendar years.
- 19 (2) "Farmer" means an individual who normally devotes the major portion of
20 time to the activities of producing products of the soil, poultry, livestock, or
21 dairy farming in such products' unmanufactured state and has received
22 annual net income from farming activities which is fifty percent or more of
23 annual net income, including net income of a spouse if married, during any
24 of the three preceding calendar years. For purposes of this paragraph,
25 "farmer" includes a:
- 26 (a) "Beginning farmer", which means an individual who has begun
27 occupancy and operation of a farm within the three preceding
28 calendar years; who normally devotes the major portion of time to the
29 activities of producing products of the soil, poultry, livestock, or dairy
30 farming in such products' unmanufactured state; and who does not

1 have a history of farm income from farm operation for each of the
2 three preceding calendar years.

3 (b) "Retired farmer", which means an individual who is retired because of
4 illness or age and who at the time of retirement owned and occupied
5 as a farmer the residence in which the person lives and for which the
6 exemption is claimed.

7 (c) "Surviving spouse of a farmer", which means the surviving spouse of
8 an individual who is deceased, who at the time of death owned and
9 occupied as a farmer the residence in which the surviving spouse
10 lives and for which the exemption is claimed. The exemption under
11 this subparagraph expires at the end of the fifth taxable year after the
12 taxable year of death of an individual who at the time of death was an
13 active farmer. The exemption under this subparagraph applies for as
14 long as the residence is continuously occupied by the surviving
15 spouse of an individual who at the time of death was a retired farmer.

16 (3) "Net income from farming activities" means taxable income from those
17 activities as computed for income tax purposes pursuant to chapter 57-38
18 adjusted to include the following:

19 (a) The difference between gross sales price less expenses of sale and
20 the amount reported for sales of agricultural products for which the
21 farmer reported a capital gain.

22 (b) Interest expenses from farming activities which have been deducted
23 in computing taxable income.

24 (c) Depreciation expenses from farming activities which have been
25 deducted in computing taxable income.

26 (4) When exemption is claimed under this subdivision for a residence, the
27 assessor may require that the occupant of the residence who it is claimed is
28 a farmer provide to the assessor for the year or years specified by the
29 assessor a written statement in which it is stated that fifty percent or more of
30 the net income of that occupant, and spouse if married and both spouses
31 occupy the residence, was, or was not, net income from farming activities.

1 (5) In addition to any of the provisions of this subsection or any other provision
2 of law, a residence situated on agricultural land is not exempt for the year if
3 it is occupied by an individual engaged in farming who had nonfarm income,
4 including that of a spouse if married, of more than forty thousand dollars
5 during each of the three preceding calendar years. This paragraph does not
6 apply to a retired farmer or a beginning farmer as defined in paragraph 2.

7 (6) For purposes of this section, "livestock" includes "nontraditional livestock"
8 as defined in section 36-01-00.1.

9 (7) A farmer operating a bed and breakfast facility in the farm residence
10 occupied by that farmer is entitled to the exemption under this section for
11 that residence if the farmer and the residence would qualify for exemption
12 under this section except for the use of the residence as a bed and
13 breakfast facility.

14 ~~16-14.~~ Property now owned, or hereafter acquired, by a corporation organized, or hereafter
15 created, under the laws of this state for the purpose of promoting athletic and
16 educational needs and uses at any state educational institution in this state, and not
17 organized for profit.

18 ~~17.~~ Moneys and credits, including shares of corporate stock and membership interests in
19 limited liability companies, except moneyed capital which is so invested or used as to
20 come into direct competition with money invested in bank stock.

21 ~~18.~~ and ~~19.~~ Repealed by S.L. 1983, ch. 595, § 3.

22 ~~20-15.~~ Fixtures, buildings, and improvements up to the amount of valuation specified, when
23 owned and occupied as a homestead, as hereinafter defined, by any of the following
24 persons:

25 a. A paraplegic disabled veteran of the United States armed forces or any veteran
26 who has been awarded specially adapted housing by the department of veterans'
27 affairs, or the unremarried surviving spouse if such veteran is deceased, for the
28 first one hundred twenty thousand dollars of true and full valuation of the fixtures,
29 buildings, and improvements.

30 b. Any permanently and totally disabled person who is permanently confined to use
31 of a wheelchair, or, if deceased, the unremarried surviving spouse of a

1 permanently and totally disabled person. If the spouse of a permanently and
2 totally disabled person owns the homestead or if it is jointly owned by them, the
3 same reduction in assessed valuation applies as long as both reside thereon.
4 The provisions of this subdivision do not reduce the liability for special
5 assessments levied upon the homestead. The phrase "permanently confined to
6 use of a wheelchair" means that the person cannot walk with the assistance of
7 crutches or any other device and will never be able to do so and that a physician
8 selected by the local governing board has so certified.

9 Any person claiming an exemption under this subsection for the first time shall
10 file with the county auditor an affidavit showing the facts herein required and a
11 description of the property. The affidavit must be open for public inspection. A person
12 thereafter shall furnish to the assessor or other assessment officials when requested
13 to do so any information that is believed will support the claim for exemption for a
14 subsequent year.

15 For purposes of this subsection, and except as otherwise provided in this
16 subsection, "homestead" has the meaning provided in section 47-18-01 except that it
17 also applies to any person who otherwise qualifies under the provisions of this
18 subsection whether or not the person is the head of a family. The board of county
19 commissioners is hereby authorized to cancel the unpaid taxes for any year in which
20 the qualifying owner has held title to the exempt property.

21 ~~21.~~ Repealed by S.L. 1983, ch. 595, § 3.

22 ~~22-16.~~ All or any part of fixtures, buildings, and improvements upon any nonfarmland up to a
23 taxable valuation of seven thousand two hundred dollars, owned and occupied as a
24 home by a blind person. Residential homes owned by the spouse of a blind person, or
25 jointly owned by a blind person and spouse, shall also be exempt within the limits of
26 this subsection as long as the blind person resides in the home. For purposes of this
27 subsection, a blind person is defined as one who is totally blind, has visual acuity of
28 not more than 20/200 in the better eye with correction, or whose vision is limited in
29 field so that the widest diameter subtends an angle no greater than twenty degrees.
30 The exemption provided by this subsection extends to the entire building classified as
31 residential, and owned and occupied as a residence by a person who qualifies for the

1 exemption as long as the building contains no more than two apartments or rental
2 units which are leased.

3 ~~23-17.~~ All, or any portion of structural improvements other than paving and surfacing to land
4 used exclusively for the business of operating an automobile parking lot within a city
5 open for general public patronage. If a portion of the structure is exempt from taxation
6 as being open for general public patronage, the amount of such exemption shall be
7 computed by determining the value of the public parking area in proportion to the total
8 value of the structure.

9 ~~24.~~ Repealed by S.L. 1983, ch. 595, § 3.

10 ~~25-18.~~ All personal property is exempt except:

- 11 a. Personal property of entities, other than railroads, required by section 4 of
12 article X of the Constitution of North Dakota to be assessed by the state board of
13 equalization.
- 14 b. Any property that is subjected to a tax which is imposed in lieu of ad valorem
15 taxes.
- 16 c. Any particular kind or class of personal property, including mobile homes or
17 house trailers, that is subjected to a tax imposed pursuant to any other provision
18 of law.

19 ~~26-19.~~ Fixtures, buildings, and improvements when owned and occupied as a homestead, as
20 hereinafter defined, by a paraplegic disabled person, or if the person is deceased the
21 unremarried spouse, if the income from all sources of the person and spouse, or if the
22 person is deceased the income from all sources of the unremarried surviving spouse,
23 in the calendar year prior to the year for which the exemption is claimed did not
24 exceed the maximum amount of income provided in section 57-02-08.1 for receiving a
25 homestead credit under that section. To obtain the exemption for the first time, a
26 certificate from a medical doctor who is approved by the board of county
27 commissioners, accompanied by an affidavit, showing the facts herein required and a
28 description of the property, must be filed with the county auditor. The affidavit and
29 accompanying certificate must be opened to public inspection. Any person claiming
30 the exemption for any year after the first year shall furnish to the assessor or other
31 assessment officials when requested to do so any information which the person

1 believes will support the claim for the exemption for any subsequent year. For
2 purposes of this subsection, "homestead" has the meaning provided in section
3 47-18-01 except that it also applies to any person who otherwise qualifies under the
4 provisions of this subsection whether or not the person is the head of a family. The
5 board of county commissioners is hereby authorized to cancel the unpaid taxes for
6 any year in which the person has held title to the exempt property.

7 ~~27-20.~~ Installations, machinery, and equipment of systems in new or existing buildings or
8 structures, designed to provide heating or cooling or to produce electrical or
9 mechanical power, or any combination of these, or to store any of these, by utilization
10 of solar, wind, or geothermal energy; provided, that if the solar, wind, or geothermal
11 energy device is part of a system which uses other means of energy, only that portion
12 of the total system directly attributable to solar, wind, or geothermal energy shall be
13 exempt. Provided, however, that any exemptions granted by this subsection shall be
14 valid for a five-year period following installation of any such system and apply only to
15 locally assessed property. For the purposes of this subsection, solar or wind energy
16 devices shall have the meaning provided in section 57-38-01.8 and geothermal energy
17 device means a system or mechanism or series of mechanisms designed to provide
18 heating or cooling or to produce electrical or mechanical power, or any combination of
19 these, by a method which extracts or converts the energy naturally occurring beneath
20 the earth's surface in rock structures, water, or steam.

21 ~~28-21.~~ All fixtures, buildings, and improvements owned by any cooperative or nonprofit
22 corporation organized under the laws of this state and used by it to furnish potable
23 water to its members and customers for uses other than the irrigation of agricultural
24 land.

25 ~~29-22.~~ Property to which title is held by a city pursuant to chapter 40-57 which is leased to an
26 entity described in subsection ~~87~~ and used by the entity as provided in subsection ~~87~~
27 or subleased to a public school district for educational purposes; provided, that the
28 entity is qualified as an exempt organization under section 501(c)(3) of the United
29 States Internal Revenue Code of 1954, as amended.

30 ~~30-23.~~ Property, but not including property used for residential purposes, owned by an
31 organization described in subsection ~~98~~ and leased to a public school district for

1 educational purposes; provided, that the property had previously been owned and
2 occupied by the organization for an exempt purpose described in subsection 98 for a
3 period of at least five years.

4 ~~31-24.~~ All group homes owned by nonprofit corporations, not organized with a view to profit
5 and recognized as tax exempt under section 501(c)(3) of the United States Internal
6 Revenue Code [26 U.S.C. 501(c)(3)], including those for persons with developmental
7 disabilities as defined in section 25-01.2-01, and the real property upon which they are
8 located during the period in which the group homes are under construction or in a
9 remodeling phase and while they are used as group homes. For the purposes of this
10 subsection, the term "group home" means a community-based residential home which
11 provides room and board, personal care, habilitation services, or supervision in a
12 family environment, and which, once established is licensed by the appropriate North
13 Dakota licensing authority.

14 ~~32-25.~~ Minerals in place in the earth which at the time of removal from the earth are then
15 subject to taxes imposed under chapter 57-51, 57-61, or 57-65.

16 ~~33-26.~~ Property used for athletic or recreational activities when owned by a political
17 subdivision and leased to a nonprofit corporation organized for the purpose of
18 promoting public athletic or recreational activities.

19 ~~34-27.~~ Any building located on land owned by the state if the building is used at least in part
20 for academic or research purposes by students and faculty of a state institution of
21 higher education.

22 ~~35-28.~~ Up to one hundred fifty thousand dollars of the true and full value of all new
23 single-family and condominium and townhouse residential property, exclusive of the
24 land on which it is situated, is exempt from taxation for the first two taxable years after
25 the taxable year in which construction is completed and the residence is owned and
26 occupied for the first time if all of the following conditions are met:

- 27 a. The governing body of the city, for property within city limits, or the governing
28 body of the county, for property outside city limits, has approved the exemption of
29 the property by resolution. A resolution adopted under this subsection may be
30 rescinded or amended at any time. The governing body of the city or county may

1 limit or impose conditions upon exemptions under this subsection, including
2 limitations on the time during which an exemption is allowed.

3 b. Special assessments and taxes on the property upon which the residence is
4 situated are not delinquent.

5 ~~36-29.~~ The governing body of the city, for property within city limits, or of the county, for
6 property outside city limits, may grant a property tax exemption for the portion of
7 fixtures, buildings, and improvements, used primarily to provide early childhood
8 services by a corporation, limited liability company, or organization licensed under
9 chapter 50-11.1 or used primarily as an adult day care center. However, this
10 exemption is not available for property used as a residence.

11 ~~37-30.~~ a. A pollution abatement improvement. As used in this subsection, "pollution
12 abatement improvement" means property, exclusive of land and improvements to
13 the land such as ditching, surfacing, and leveling, that is:

14 (1) Part of an agricultural or industrial facility which is used for or has for its
15 ultimate purpose the prevention, control, monitoring, reducing, or eliminating
16 of pollution by treating, pretreating, stabilizing, isolating, collecting, holding,
17 controlling, measuring, or disposing of waste contaminants; or

18 (2) Part of an agricultural or industrial facility and required to comply with local,
19 state, or federal environmental quality laws, rules, regulations, or standards.

20 b. The exemption under this subsection applies only to that portion of the valuation
21 of property attributable to the pollution abatement improvement on which
22 construction or installation was commenced after December 31, 1992, and does
23 not apply to the valuation of any property that is not a necessary component of
24 the pollution abatement improvement. The governing body of the city, for property
25 within city limits, or the governing board of the county, for property outside city
26 limits, shall determine whether the property proposed for exemption is a pollution
27 abatement improvement and may grant an exemption for the pollution abatement
28 improvement based upon the requirements of this subsection.

29 ~~38-31.~~ The leasehold interest in property owned by the state which has been leased for
30 pasture or grazing purposes or upon which payments in lieu of property taxes are
31 made by the state.

1 ~~39-32.~~ Notwithstanding any other law, all property, including any possessory interest therein,
2 relating to any waterworks, mains, and water distribution system leased to the state, or
3 any agency or institution of the state, or to a private entity pursuant to subsection 5 of
4 section 40-33-01, subsection 12 of section 61-24.5-09, or subsection 23 of section
5 61-35-12, which property is operated by, or providing services to, a municipality or
6 other political subdivision or agency of the state, or its citizens.

7 ~~40-33.~~ Notwithstanding any other law, all property, including any possessory interest therein,
8 relating to any sewage systems and facilities for the collection, treatment, purification,
9 and disposal in a sanitary manner of sewage leased to the state, or any agency or
10 institution of the state, or to a private entity pursuant to section 40-34-19 or
11 subsection 23 of section 61-35-12, which property is operated by, or providing services
12 to, a municipality or other political subdivision or agency of the state, or its citizens.

13 ~~41-34.~~ Notwithstanding any other law, all property, including any possessory interest therein,
14 leased to a private entity pursuant to section 54-01-27, which property is operated by,
15 or providing services to, the state or its citizens.

16 ~~42-35.~~ a. New single-family residential property, exclusive of the land on which it is
17 situated, is exempt from assessment for the taxable year in which construction
18 began and the next two taxable years, if the property remains owned by the
19 builder, remains unoccupied, and all of the following conditions are met:
20 (1) The governing body of the city, for property within city limits, or the
21 governing body of the county, for property outside city limits, has approved
22 the exemption of property under this subsection by resolution. A resolution
23 adopted under this subsection may be rescinded or amended at any time.
24 The governing body of the city or county may limit or impose conditions
25 upon exemptions under this subsection, including limitations on the time
26 during which an exemption is allowed.
27 (2) Special assessments and taxes on the property upon which the residence is
28 situated are not delinquent.
29 b. A builder is eligible for exemption of no more than ten properties under this
30 subsection in a taxable year within each jurisdiction that has approved the

1 exemption under this subsection. For purposes of this subsection, "builder"
2 includes an individual who builds that individual's own residence.

3 ~~43-36.~~ All residential rental property, inclusive of land and administrative and auxiliary
4 buildings, used as affordable housing shall be exempt from taxation for the property's
5 period of affordability.

6 a. The property is exempt under this section if the housing finance agency certifies
7 to the county director of tax equalization that on January 1, 2013, or thereafter,
8 the residential rental property complies with the following:

9 (1) The property is subject to and in compliance with a land use restriction
10 agreement that enumerates the mandatory income and rent restrictions;

11 (2) The property is owned by a qualified nonprofit entity, as defined in
12 section 42 of the Internal Revenue Code [26 U.S.C. 42]. If under a
13 partnership agreement or other legally enforceable instrument, a for-profit
14 entity, such as a limited partner, has an ownership interest in the property,
15 then the agreement must provide that the nonprofit entity must have the
16 right of first refusal in any transfer of the ownership interest in the property.

17 The partnership agreement or other legally enforceable instrument also
18 must provide that any transfer of the ownership interest by the for-profit
19 entity must be without financial gain; and

20 (3) The general partner or other ownership entity is owned or controlled by a
21 nonprofit entity or a political subdivision.

22 b. For projects beginning after December 31, 2012, the exemption begins for the
23 first taxable year after the owners of the rental property receive a building permit
24 from the local jurisdiction in which the affordable housing residential rental
25 property will be located.

26 c. If part of the residential rental property is not eligible to receive assistance
27 through local, state, or federal affordable housing programs, the exemption under
28 this section is calculated by dividing the number of income and rent-restricted
29 units by the total number of rental units.

30 d. In lieu of the ad valorem taxes that would otherwise be assessed, the project
31 owners shall make a payment equal to five percent of the balance of the total

- 1 annual rents collected during the preceding calendar year, minus the utility costs
2 for the property paid by the owner of the property.
- 3 e. If an affordable housing rental property fails to comply with the requirements of
4 this section, or fails to comply with rent and household income restrictions under
5 a local, state, or federal affordable housing program, on or before March fifteen of
6 each calendar year, the housing finance agency shall notify the director of tax
7 equalization and the state supervisor of assessments that the property is no
8 longer eligible for the exemption.
- 9 f. For the purposes of this subsection, "affordable housing" includes property
10 eligible for or receiving assistance through a local, state, or federal affordable
11 housing program and in which rent and household income restrictions apply, and
12 which is owned by nonprofit entities organized for the purpose of providing
13 affordable housing. Affordable housing is limited to residential rental property
14 owned by or with a controlling ownership or management interest by an
15 organization organized and operated exclusively for exempt purposes set forth in
16 section 501(c)(3) of the Internal Revenue Code [26 U.S.C. 501(c)(3)].

17 **SECTION 4. AMENDMENT.** Subsection 4 of section 57-02-08.1 of the North Dakota
18 Century Code is amended and reenacted as follows:

- 19 4. A person whose homestead is a farm structure exempt from taxation under
20 subsection ~~4513~~ of section 57-02-08 may not receive any property tax credit under
21 this section.

22 **SECTION 5. AMENDMENT.** Section 57-12-09 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **57-12-09. Notice of increased assessment to real estate owner.**

- 25 1. ~~When any~~The ~~assessor has increased the true and full valuation of any lot or tract of~~
26 ~~land including any improvements thereon by three thousand dollars or more and to ten~~
27 ~~percent or more than the amount of the last assessment,~~shall provide written notice of
28 the amount of ~~increase~~the current assessment and the amount of the last assessment
29 ~~must be~~ , delivered ~~in writing~~ by the assessor to the property owner, mailed ~~in writing~~
30 to the property owner at the property owner's last-known address, or provided to the
31 property owner by electronic mail directed with verification of receipt to an electronic

1 mail address at which the property owner has consented to receive notice. Delivery of
2 notice to a property owner under this section must be completed not fewer than fifteen
3 days before the meeting of the local equalization board. The tax commissioner shall
4 prescribe suitable forms for this notice and the notice must show the true and full value
5 as defined by law of the property, including improvements, that the assessor used in
6 making the assessment for the current year and for the year in which the last
7 assessment was made and must also show the date prescribed by law for the meeting
8 of the local equalization board of the assessment district in which the property is
9 located and the meeting date of the county equalization board. The notice must be
10 mailed or delivered at the expense of the assessment district for which the assessor is
11 employed.

12 2. The form of notice prescribed by the tax commissioner must require a statement to
13 inform the taxpayer that an assessment increase does not mean property taxes on the
14 parcel will increase. The notice must inform the taxpayer of the time, date, and
15 location of equalization board meetings for receiving appeals of assessments and
16 provide the statutory provisions governing the equalization process. The notice must
17 state that each taxing district must base its tax rate on the number of dollars raised
18 from property taxes in the previous taxable year by the taxing district and that notice of
19 public hearing will be mailed to the property owner if a greater property tax levy is
20 being proposed by the taxing district. The notice may not contain an estimate of a tax
21 increase resulting from the assessment increase.

22 3. The assessor shall provide an electronic or printed list including the name and address
23 of the addressee of each assessment increase notice required under this section to
24 each city, county, school district, or city park district in which the subject property is
25 located, but a copy does not have to be provided to any such taxing district that levied
26 a property tax levy of less than one hundred thousand dollars for the prior year.

27 **SECTION 6. AMENDMENT.** Section 57-20-07 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **57-20-07. County treasurer to be collector of taxes.**

30 The county treasurer must be the receiver and collector of all taxes extended upon the list,
31 including the state levy and the levies of every other taxing district or municipality, and including

1 special taxes for local improvements in municipalities, and all fines, forfeitures, or penalties
2 received by any person or officer for the school fund, or for the use of the county. The county
3 treasurer shall proceed to collect the same according to law and shall place the same when
4 collected to the credit of the proper funds, but the county treasurer may not be the receiver or
5 collector of any fines or penalties accruing to any municipal corporation for the violation of its
6 ordinances. The county treasurer may not collect or issue a property tax statement for any
7 property tax for a parcel of property for which the tax list shows a total property tax obligation of
8 five dollars or less but shall issue a property tax statement for such a parcel to the extent of any
9 special assessment obligation against the parcel.

10 **SECTION 7. AMENDMENT.** Section 57-23-09 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **57-23-09. Procedure when refund is made.**

13 When any application for refund is granted, the county auditor shall issue and deliver to the
14 applicant a warrant drawn on the county treasurer for the amount ordered refunded plus
15 allowable interest upon the amount ordered refunded, and the county treasurer shall refund the
16 same, and shall write opposite such tax in the treasurer's list the word "refund", with the date
17 and the number of the warrant. Interest on a refund under this section is allowable if the
18 overpayment was inadvertently made by the payer or the tax obligation was reduced through
19 the abatement process. Allowable interest under this section must be calculated at the rate of
20 twelve percent per annum from the date of the application until the date of the refund payment,
21 with the interest charges to be prorated to the nearest full month for a fractional year. The
22 amount so refunded plus allowable interest must be charged to the state, county, city, township,
23 school district, park district, or any other taxing district, which may have received any part of
24 such money, in proportion to the levies for the year for which the tax was extended. The refund
25 must include any penalties and interest previously paid on the portion of any tax abated or
26 compromised.

27 **SECTION 8. AMENDMENT.** Section 57-55-10 of the North Dakota Century Code is
28 amended and reenacted as follows:

1 **57-55-10. Exemptions - Exceptions.**

2 1. A mobile home described in this subsection to the extent herein limited is exempt from
3 taxation under this chapter; provided, that the mobile home shall have a tax permit as
4 provided in section 57-55-06:

5 a. If it is owned and used as living quarters of a military person on active military
6 duty in this state who is a resident of another state.

7 b. If it is owned and occupied by a welfare recipient, provided the mobile home is
8 not permanently attached to the land and classified as real property. For the
9 purposes of this subdivision, "welfare recipient" means any person who is
10 certified to the county director of tax equalization by the county social service
11 board as receiving the major portion of income from any state or federal public
12 assistance program.

13 c. If it is owned and used as living quarters by a disabled veteran or unremarried
14 surviving spouse who meets the requirements of subsection ~~2015~~ of section
15 57-02-08 or section 57-02-08.8.

16 d. If it is owned and used as living quarters by a permanently and totally disabled
17 person or unremarried surviving spouse who meets the requirements of
18 subsection ~~2015~~ of section 57-02-08.

19 e. If it is owned and used as the living quarters for a blind person who meets the
20 requirements of subsection ~~2216~~ of section 57-02-08.

21 f. If it is owned and used by a person who uses it as living quarters and who
22 qualifies for the homestead credit provided in section 57-02-08.1, and the mobile
23 home shall be regarded for the purposes of this exemption as the homestead of
24 the person claiming the exemption.

25 2. This chapter does not apply to a mobile home that:

26 a. Is used only for the temporary living quarters of the owner or other occupant
27 while the person is engaged in recreational or vacation activities, provided the
28 unit:

29 (1) Displays a current travel trailer license; or

30 (2) Is a park model trailer that is used only for seasonal or recreational living
31 quarters and not as a primary residence, and which is located in a trailer

1 park or campground, and for which the owner has paid a park model trailer
2 fee under section 39-18-03.2. For purposes of this paragraph, "park model"
3 trailer means a recreational vehicle not exceeding forty feet [12.19 meters]
4 in length which is primarily designed to provide temporary living quarters for
5 recreation, camping, or seasonal use, is built on a single chassis, is
6 mounted on wheels, has a gross trailer area not exceeding four hundred
7 square feet [37.16 square meters] of enclosed living space in the setup
8 mode, and is certified by the manufacturer as complying with American
9 national standards institute standard A119.5.

- 10 b. Qualifies as a farm residence as described by subsection 4513 of section
11 57-02-08, provided such mobile home is permanently attached to a foundation.
- 12 c. Is permanently attached to a foundation and is assessed as real property,
13 provided the owner of such mobile home also owns the land on which such
14 mobile home is located or is in possession of the real property under the terms of
15 a lease in recordable form which has a term that continues for at least twenty
16 years after the date of execution with the consent of the lessor of the real
17 property.
- 18 d. Is owned by a licensed mobile home dealer who holds such mobile home solely
19 for the purpose of resale, and provided that such mobile home is not used as
20 living quarters or as the place for the conducting of any business.

21 **SECTION 9. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
22 December 31, 2015.